

INTEGRATION AGREEMENTS AND THEIR IMPACT IN INTEGRATION OF KOSOVO IN THE EUROPEAN UNION

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Abstract

Integration agreements and efforts of the international community to create more stability on our planet are directed not only to the creation of collective security structures and military units but also in promoting peace and development by maintaining the stability of the world economy. The idea of creating the European Union in a single community is part of these efforts.

Years passed since Kosovo, as other European and Balkans countries, experience the dream of full integration into the EU. This desire is due to the fact that the European Union is identified with words such as stability, order, low unemployment, significant way of living, functioning of laws and opened democracy, credible public institutions, service of the citizens based on transparency and not dominated by corruption, guaranteed individual rights and equal opportunity for all.

With such an image of the European Union, all aspire; including Kosovo aspires to become part of it, which appears to be the only way of salvation - seen towards regional integration and developed countries, open policies of the European Union countries on sealing agreements towards integration into their family.

This paper will present a part of research conducted in Kosovo, what and to what extent is the knowledge of native population on the agreements and the integration process of Kosovo into the European Union. Research instrument was a questionnaire, with direct communications technology and was developed in 2013.

Keywords: Kosovo, international agreements, European Union, integration process

Kosovo and European Union

Kosovo's integration with the countries of the region is the obligation of the time that must be realized. Firstly, it is important that Kosovo be treated as an equal partner alongside these countries and secondly, to find forms in order to promote economic development by expanding the market and creating the right environment for attracting foreign direct investment.

To argue for such an issue today makes you feel so much proud for your country but not as optimistic. Economic, cultural, social viewpoints, ways of thinking and perceiving things, noisy political environment - are some of the reasons that create an uncomfortable reality in our country. And it's not because we are not able to give our best, but because we don't have the space now we are close comparing with other countries in Europe.

The political climate in the world and strategies undergo major changes. Institutionally but also functionally the concepts that impose integration penetrate to the people, for memberships, welfare and peaceful political and economic stability in regional and global dimensions. Conditions created turn into stimulating factors, which influence the development and expansion of international marketing concepts⁵⁴. Marketing information has value when it is used to take the best marketing decision⁵⁵. Also we must acknowledge that the marketing strategies of international management interact multiple factors. Strategies deal with the marketing mix also in international environment⁵⁶.

Despite the problems of comparability and data, generally is believed that international business has grown faster than before and that is growing faster than domestic business at the present time⁵⁷.

Kosovo, as other countries, part of the Southeast European officially committed and took part on a free trade in the region. But why all this was defined historically? The answer is very simple but also very meaningful, it contains the free movement of goods and services, exploiting comparative advantages between countries, creating a free trade zone and mutual interest for local and foreign investors.

Participation in the European family member not only provides a tight coupling of the people by eliminating state borders but also other advantages in the economic context: ensuring economic and social progress of member countries, ensuring continued growth of exchanges balanced and fair competition, strengthen the unity of their economies and to ensure a

⁵⁴ Jakupi A., "International Marketing", Prishtina, University AAB, 2008, p. 69

⁵⁵ Kotler Ph., Armstrong G., "Principles of Marketing", UETPRESS, Tirana, 2013, p. 138

⁵⁶ Wilson R., Filligan C., "Strategy Marketing Management", ELSEIVIER, Oxford, 2005, p. 498

⁵⁷ Kristo I., "International Business", Tirana, PEGI, 2004, page 7

harmonized development, strengthening the sense of a trade policy for the progressive removal of restrictions on international exchanges and so forth.

Developments in Kosovo and integration agreements

With independence and the provision of recognition by most countries of the region Kosovo raised the status of its legitimacy in the region. As a result, Kosovo reached to act and coordinate the activities of its economic and political situation in general with other countries in the region as at least equal to those states that recognize its status as an independent. Besides being the youngest country in the region, Kosovo is also one of the smallest states in size as well as its economic influence in the region. Kosovo's economic size is not more than 0.43% of the total economy of the region or in other words it represents less than 1/20 of it. This is more due to lack of domestic economic development, namely the lack of manufacturing and industry sector, that doesn't even closely satisfy domestic consumption, which is covered mainly by imports which due to increasing trade deficit (which has reached more than 2.2 billion Euros, or approximately 45% of economic size) it also affects the reduction of Gross Domestic Product (GDP). This affects Kosovo to be not only a very small economy but also an economy which does not participate in production in this region but mainly consumes it. In some cases Kosovo serves as a transit trade between countries of the region⁵⁸.

However, slower developments in regional and European markets this year presented a challenge to the overall economic activity in the country.⁵⁹

Kosovo works to develop and strengthen its relations with international financial institutions. Continued successfully to execute the Agreement "Stand By" for 20 months with €105 million, negotiated with the International Monetary Fund (IMF) in April 2012. In December 2012, Kosovo became a member of the European Bank for Reconstruction and Development. In June 2013, Kosovo signed a Framework Agreement with the European Investment Bank (EIB), which allows the EIB to finance projects in Kosovo. Fiscal Surveillance Mechanism continued holding meetings twice a year with the European Commission. Kosovo has also begun preparations for an "Economic and Fiscal Program", which is standard procedure for monitoring economic potential candidates. In early May 2013, the Government of Kosovo has approved the framework of its medium-term expenditure, covering years 2014 to 2016. In general, the determination to

⁵⁸Kosovo in Regional Context, Economic and Trade Relations, "Policy Analysis" 3/13, KIPRED, July 2013, p 4

⁵⁹ "Balance of Payments Report" Nr. 12, Central Bank of Kosova, Prishtina, 2013

pursue economic policies in the market-oriented reforms are being maintained and in some areas accelerated.

Besides its economic challenges and trade towards the region, these challenges become even more severe because the region has five states which have not recognized Kosovo as independent (Serbia, Bosnia and Herzegovina, Romania, Greece, and Moldova) and as a result have toughened Kosovo access to the markets of these countries which account (about 32% of the region's population and 33.44% of its economy, or putting it in other words, these countries together account an economy about 3 times greater than CEFTA in general). Thus, incomplete political relations of these countries in the region, that have not yet recognized Kosovo (hereon will be referred to as "non-cognitive states") towards Kosovo have resulted in the demolition of their economic relations trade with Kosovo. Although non-cognitive states have mainly had the approach of almost blocking access to Kosovo, especially in economic and trade terms, in contrary, Kosovo has not applied any safeguards or even any barriers in accessing these states in the Kosovo market⁶⁰.

Recognition of the agreements and the integration process in Kosovo

In some of previous works the study object has been the knowledge and information about the Free Trade Agreement Central Europe (CEFTA). Although so far we have tried to isolate CEFTA as an aspect of Kosovo's EU integration, the fact remains, that this Agreement cannot be understood separate from the broader framework of the integration process. Consequently, the evaluation of the knowledge level of the respondents was not confined merely to the CEFTA and other agreements but also the information analyzed the knowledge that the respondent groups under observation have for the integration process in general.

This is the aim of this paper. Even here in this first we addressed to the respondents a series of questions aimed to assess the overall level of their knowledge about the agreements and the process of Kosovo's EU integration. To better assess these insights we focused to knowledge about the EU as a body, as well as to knowledge on the process of Kosovo's to EU integration. For each of these aspects, we gradually transferred from general questions onto more specific questions about the EU and the integration process.

These questions have a dual purpose. Firstly aim to collect more information about the quality of knowledge on the process of EU integration. Secondly, they serve as control questions to assess the reliability of the

⁶⁰ Kosovo in Regional Context, Economic and Trade Relations, "Policy Analysis"3/13, KIPRED, July 2013, p.5

answers of the respondents to answer the questions that imply self-reporting, such as the following questions.

In this study are included Public Administration officials in various municipalities of Kosovo, the enterprises (entrepreneurs), the university academic staff and students. Research instrument was a questionnaire, with direct communications technology and was developed in 2013. More specifically, the study aimed to assess the primary level of knowledge, knowledge about the CEFTA Agreement, the Stabilization and Association Agreements (SAA) and other integration agreements, in view of the integration process of Kosovo in the European Union.

Persons who were interviewed represent different characteristic in terms of gender, age, education and employment. So, from 350 respondents we have 51% female and 49% male. The proportion of the sexes is almost equal; in total the participation female respondents is grater for 2%. Questionnaires were distributed and filled by targeted groups in total 350, as follows:

- 70 entrepreneurs
- 80 Public Administration,
- 200 questionnaires through the Universities, of them: 80 teaching staf,120 students.

Initially respondents were asked about the knowledge that they thought they had on the process of European Union integration. Which groups have targeted knowledge level or not and the differences between them will present below detailed.

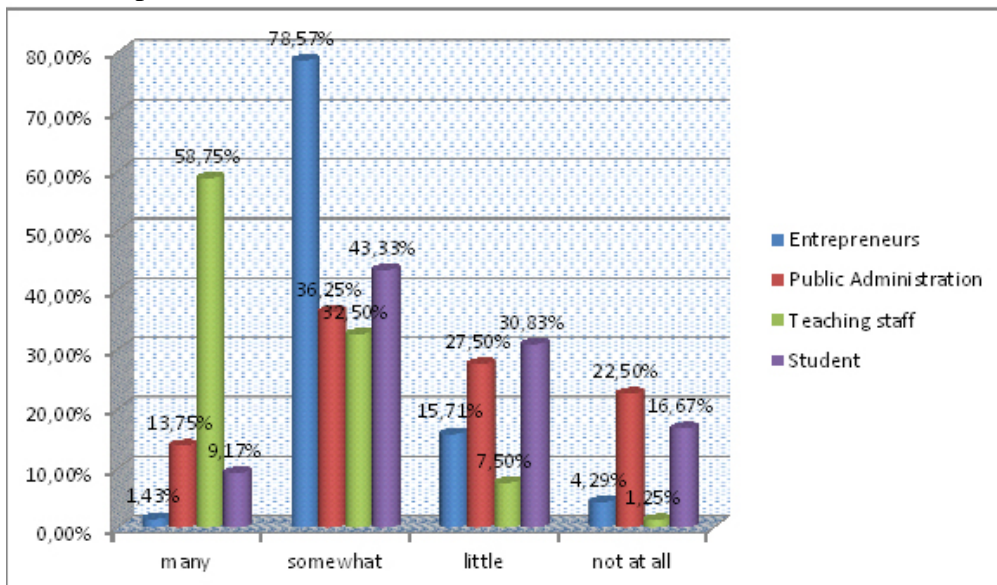


Figure 1. The result in the percentage of target groups with knowledge about the process of integration of Kosovo into the European Union

Table 1. The result in the number of target groups with knowledge about the process of integration of Kosovo into the European Union

	Many	Somewhat	Little	Not at all
Entrepreneur	1	55	11	3
Public Administration	11	29	22	18
Teaching Staff	47	26	6	1
Student	11	52	37	20
Total	70	162	76	42

As placed in *figure 1* the highest percentage of respondents who reported that they had knowledge of the process of integration of Kosovo into the European Union are teaching staff with 14% of the total respondents, followed with "somewhat" by the entrepreneurs with 15%. An expected result, if we consider that the teaching staff and enterprises are in a constant contact with the effects of this agreement. What should be noted is that in Public Administration and students are present the same percentage at 3% of knowledge about the processes of Kosovo's integration into the European Union, this is a negative expectation, because these groups, we consider, that should have a relatively higher percentage of knowledge on these processes.

To confirm this hypothesis:

- H^0 : The process of Kosovo integration into the European Union is recognized by the four target groups of respondents
- H^1 : The process of Kosovo's integration into the European Union is *not* recognized by the four target groups of respondents

The processed data analysis in CROSSTAB, a statistical procedure that helps us to check the verification of hypotheses. Putting the data in SPSS 2.0 statistical program receive table with the following data:

Crosstab

			You personally, what do you think, how much are you familiar with the process of Kosovo integration into the European Union?				
			Many	Somewhat	Little	Not at all	Total
Groups	Entrepreneur	Count	1	55	11	3	70
		% of Total	0.30%	15.70%	3.10%	0.90%	20.00%
	Public Administration	Count	11	29	22	18	80
		% of Total	3.10%	8.30%	6.30%	5.10%	22.90%
	Teaching Staff	Count	47	26	6	1	80
		% of Total	13.40%	7.40%	1.70%	0.30%	22.90%
	Student	Count	11	53	37	19	120
		% of Total	3.10%	15.10%	10.60%	5.40%	34.30%
Total	Count		70	163	76	41	350
	% of Total		20.00%	46.60%	21.70%	11.70%	100.00%

From the above data we conclude that only 20% of respondents recognize Kosovo's integration process into the European Union. Of the total respondents, looking at the percentage, the groups of teaching staff and students that are more knowledgeable and have an interest in Kosovo's integration into the EU, while lower interest is shown by public sector employees. This can be interpreted as coherence between the necessity of being informed of the agreement and concern for the information above. Based interest in connection with the issue of the treatment, the expectation would be great to good results in the enterprise sector. In this part of the targeted group out of 70 respondents, 55 of them or 16% in terms of participation of total respondents have responded with "somewhat", that is a disturbing fact that entrepreneurs don't consider business necessity in international dimensions namely the Kosovo's integration process into the European Union.

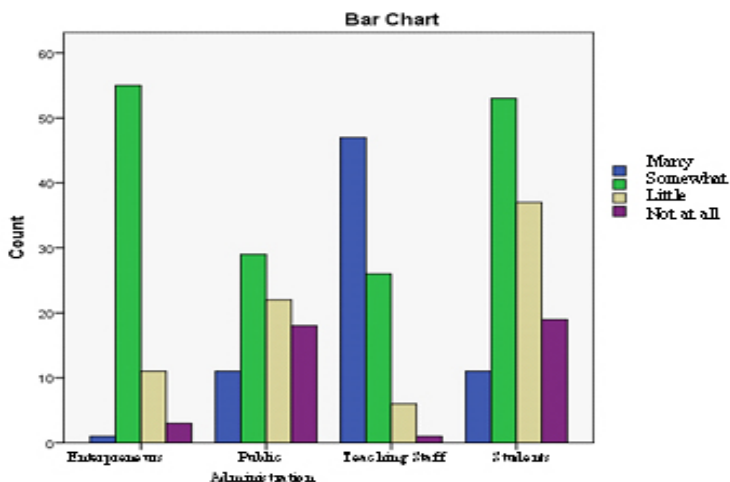
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	136.401 ^a	9	.000
Likelihood Ratio	130.186	9	.000
N of Valid Cases	350		

The 0.023 significance confirms that the variables have a relationship and predict the confirmation of the hypothesis in conformity to our request.

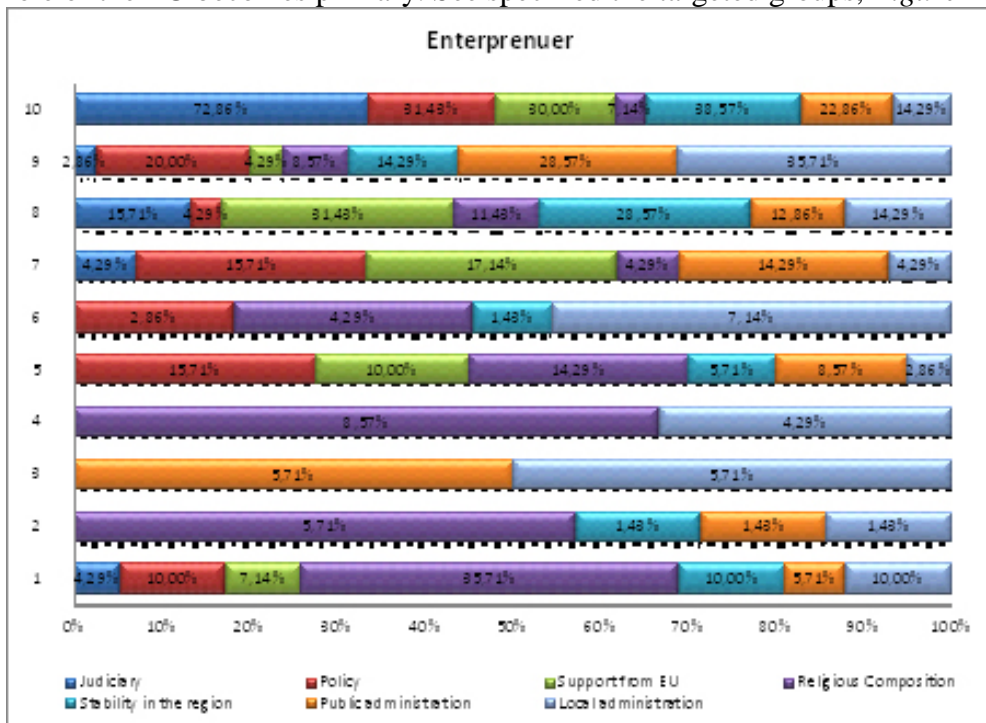
CONCLUSION: Accepted H^1 : With a 95% degree of confidence, $\alpha = 0:05$ criterion Kosovo's integration processes into the European Union are not recognized enough by the four target groups of respondents.

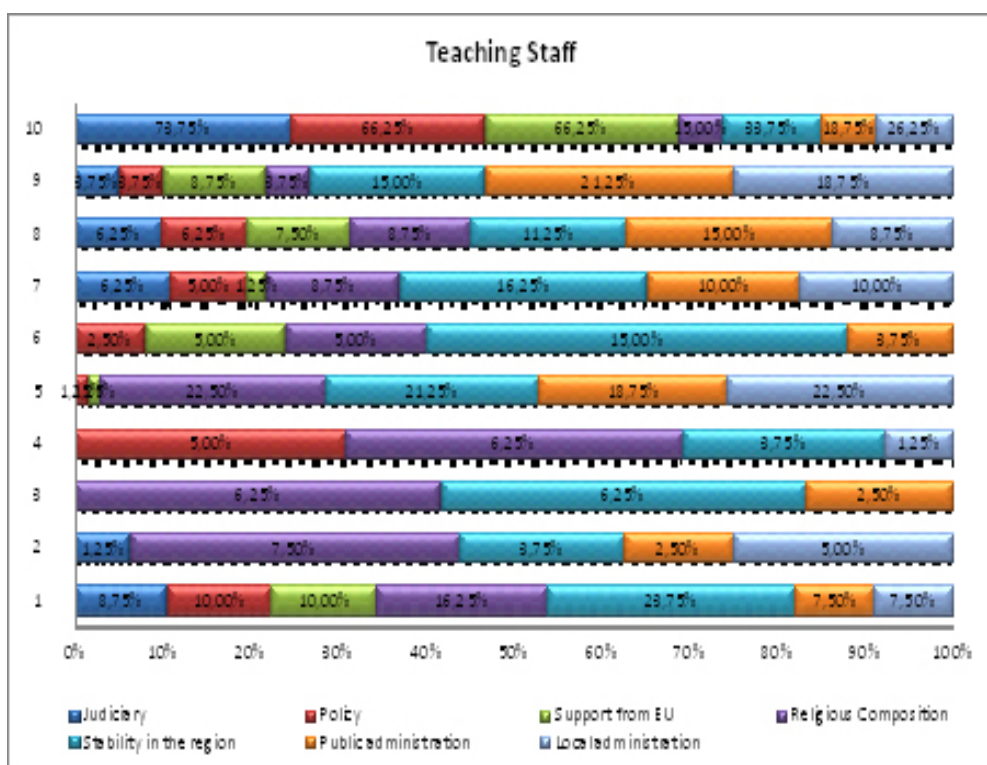
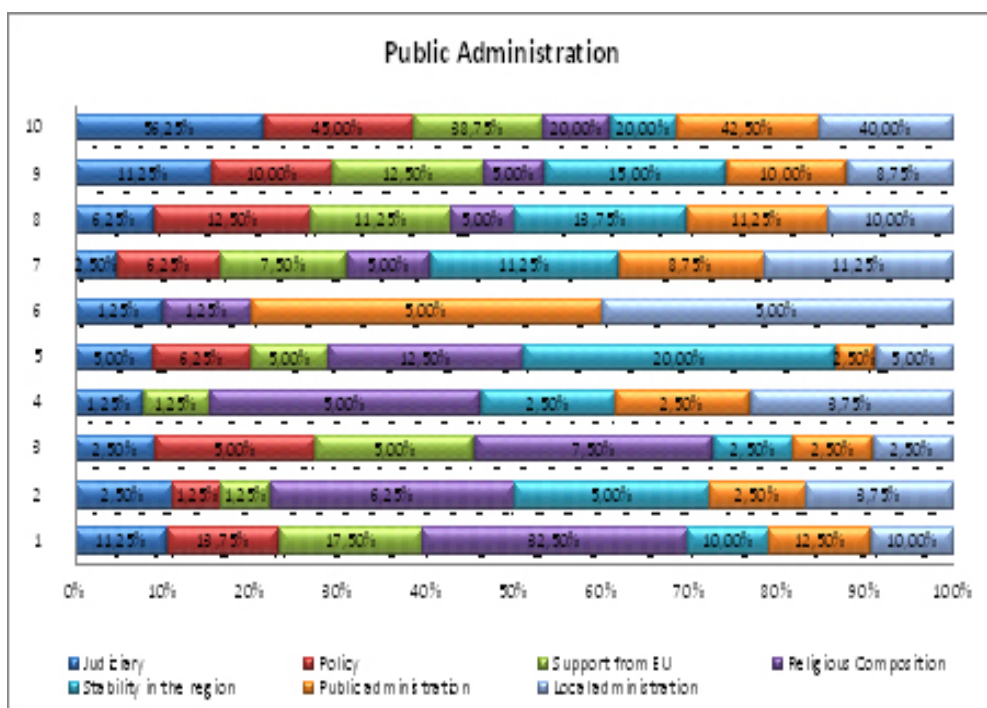
Thus, the above data can prove that hypothesis H^1 is verified according to which Kosovo's integration process into the European Union is not recognized enough by the four groups surveyed. The graphical presentation would look like in the chart below.



The following will explore knowledge but also the perception of respondents about the process of Kosovo's integration into the EU. In this regard, first they were asked about the importance of a number of factors that affect the membership of Kosovo in the EU. Beyond collecting information this question aims to assess how the respondents perceive the integration for each category. Thus, what are the factors they value most in the integration processes? As shown in *Figure 2* below, three main factors according to respondents are judiciary, politics and the European Union but also stability in the region is defined as a significant factor. In all categories, the European Union is considered as the most important factor, if not more important than a number of local factors.

Although the role of the EU in this process is undeniable, the fact that this role is being equalized with local factor, which is the main burden in achieving European standards, come are at least two interpretations. This fact could be due to either the lack of knowledge of the process or reflection of pessimism by respondents about the ability of Kosovo party to reach European standards. Consequently, Kosovo can become a member with EUs aid only. Secondly, the great importance of the EU spins can also be a consequence of the perception that the process of integration of Kosovo is also a political and geo-strategic process where the role and importance of internal factors fade in relation to regional developments. For this reason the role of the EU becomes primary. See specified the targeted groups, *Figure 2*.





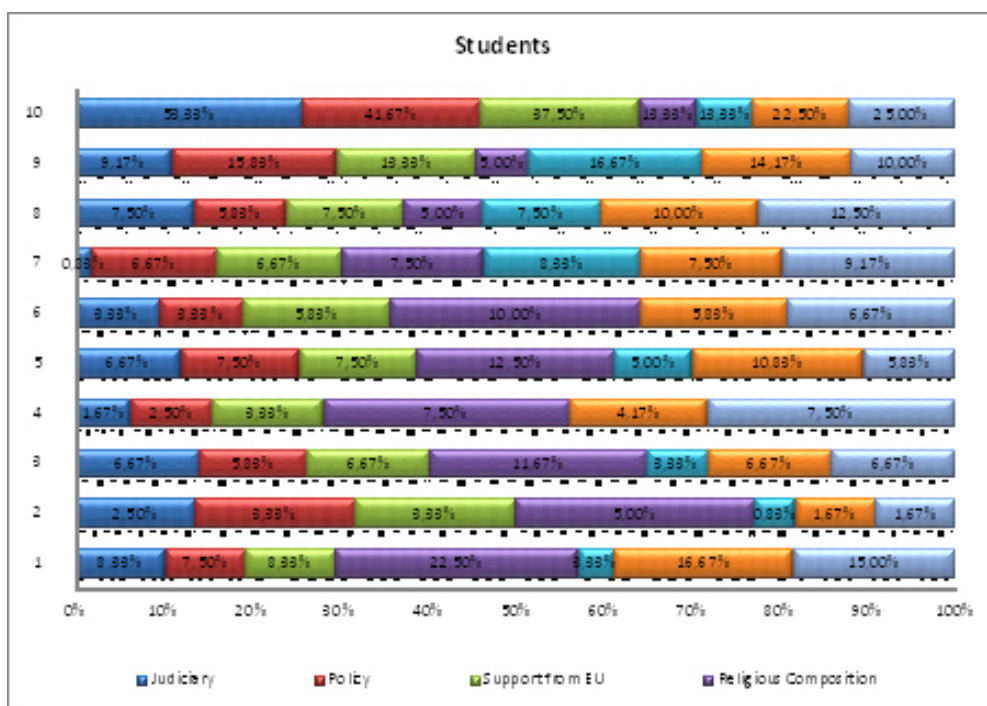


Figure 2. The result in the percentage of target groups about the importance of factors that affect the membership of Kosovo in the European Union

Table 1. The result in numbers of target groups about the importance of factors that affect the membership of Kosovo in the European Union

	1	2	3	4	5	6	7	8	9	10
Judiciary	29	6	10	3	12	5	11	30	25	219
Policy	35	5	11	7	26	8	28	25	44	161
Support from EU	37	5	12	5	21	11	27	46	36	150
Religious Composition	91	21	25	24	53	20	23	25	19	49
Stability in the region	38	9	11	5	43	13	32	49	54	86
Public administration	40	7	16	7	36	14	34	42	62	92
Local administration	39	10	14	16	31	17	31	40	59	93

To further explore the knowledge on the process of integration, respondents were asked whether Kosovo can become a member of the EU without the approximation of legislation. This question has a double objective. On one hand it assesses the level of knowledge of the respondents about the importance of Kosovo party obligations for Kosovo's membership in the EU, and on the other hand, this estimate, allows us to understand

whether major role attributed to the EU integration process by respondents is the result of ignorance of the obligations to be met by the Kosovo side, or a reflection of their pessimism about the ability of Kosovo party to meet its obligations.

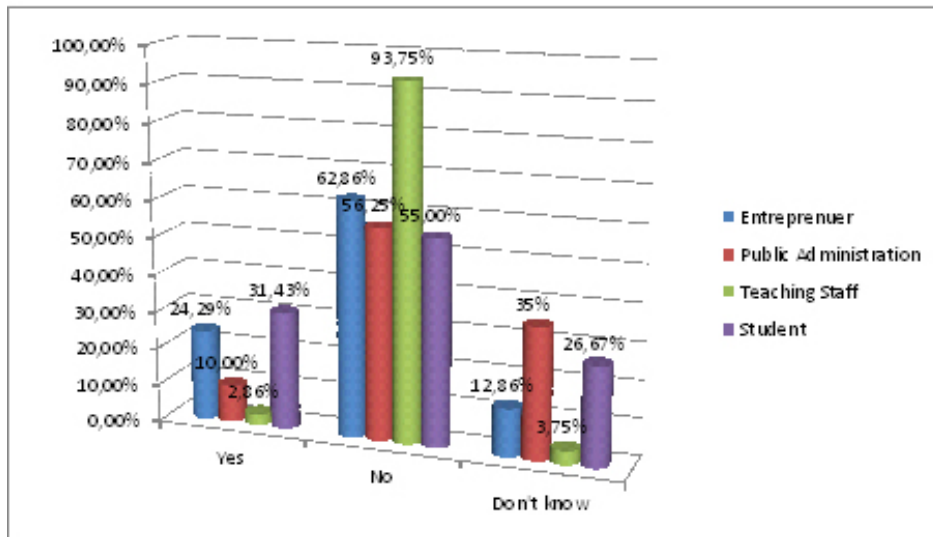


Figure 3. The result in the percentage of target groups on, can Kosovo become a member of the EU without the approximation of legislation

Table 3. The result in numbers of target groups on, can Kosovo become a member of the EU without the approximation of legislation

	Yes	No	Do not know
■ Entrepreneur	17	44	9
■ Public Administration	7	45	28
■ Teaching Staff	2	75	3
■ Student	22	66	32
Total	48	230	72

As indicated in figure 3, the vast majority of respondents are clear that without the fulfillment of an obligation as approximation, it is not possible for Kosovo to become member of the EU. This means that the major role that the EU in integration process can be mainly a consequence of pessimism about the ability of Kosovo to meet its obligations. However it should be noted that a significant percentage 27 to 35% out of all groups are not aware of the importance of the approximation of legislation. This percentage is particularly problematic in the category of the respondents of Public Administration, because the approximation is a process that directly affects the activity of this sector.

To identify the place that takes the integration process in the work of the respondents and to assess their motivation and of the administration in

general about this process, we addressed a series of questions on these issues. They initially were asked for the role of their activities related to the process of EU integration of Kosovo in their everyday work. 60% of teaching staff were those who responded with "somewhat" on their everyday works role linkage with the integration processes. In two other categories is interesting to note that the majority of respondents answered that the integration process takes little or no place in their daily work.

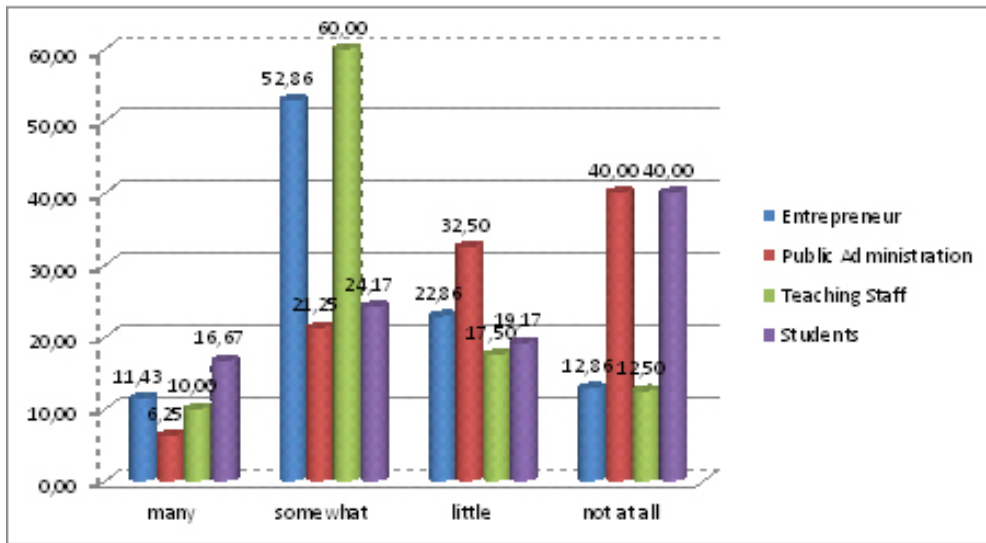


Figure 1. The percentage of targeted groups about their importance on integration process in their daily work

Table 2. The numbers of targeted groups about their importance on integration process in their daily work

	Many	Somewhat	Little	Not at all
■ Entrepreneur	8	37	16	9
■ Public Administration	5	17	26	32
■ Teaching Staff	8	48	14	10
■ Student	20	29	23	48
Total	41	131	79	99

This shows that these categories perceived the EU integration simply and narrow technical process that is restricted to Kosovo's membership in the EU, while the Local Administration employees have to see and take this as a process as a primary role.

Conclusion and recommendation

Judging from the above results, whether positive or negative we reach the conclusion that membership in the European Union is more than

necessary and integration agreements are more than reasonable and offer the possibility of approximation of the intent of Kosovo.

Isolation and disintegration is not a proper way in today's market economy. Kosovo market aims to be an open market with relatively low customs fees, and with harmonized regulations and legislation with the European Union.

Integration agreements represent a dynamic process, which is an expression of the region's efforts to further liberalize and facilitate their trade systems and beyond.

It would have great importance the expansion and deepening of the economic cooperation between the countries in integration agreements. This will directly affect in raising the standard of living, the gradual elimination of restrictions of trade in goods, placing equal competitive conditions for trade, in terms of removing barriers, to harmonize and develop the expansion of world trade, creation of conditions for investment incentives particularly for the development of joint investment in these countries.

The opening increase is estimated as one of the alternatives to overcome barriers arising from small dimensions, thus benefiting from the comparative advantages between countries. Praising the statistics is noted that the greatest contribution to this openings come from good strategies and simultaneously implementation. Kosovo government should work more on developing the strategy for the implementation of genuine international marketing because it is very deficient (or not engaged) in this regard.

Despite current perspectives that offer us these deals, are certainly hopeful as they have a major goal consisting in economic development, increasing international trade, more foreign investors, and we need more than anyone for factors of progress.

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